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**WIFA Approves \$3 Million Loan
For Tucson Water Projects**

(Phoenix, December 29, 2003) Water Infrastructure Finance Authority of Arizona (WIFA) Chairman Steve Owens today announced Board approval of a \$3 million loan to Tucson Water for reclaimed water infrastructure improvements.

“The WIFA loan supports Tucson Water’s reclaimed water projects to relieve pressure on ground water by reducing potable water irrigation use and well field pumping,” said Steve Owens, who is also director of the Arizona Department of Environmental Quality (ADEQ). “The projects provide a win-win solution by conserving potable water for residential use at the same time providing water suitable for irrigation.”

Tucson Water plans to design and construct the 18th Street to 10th Avenue reclaimed transmission main. It will also construct improvements to the Campbell/Drexel reclaimed transmission main.

The 18th Street/10th Avenue reclaimed transmission main will link the Santa Cruz River and the Rillito Creek legs of the reclaimed water delivery system. The upgrade will alleviate interruptions in service due to transmission main breaks.

Construction of the Campbell/Drexel reclaimed transmission main will provide service to Rodeo and Mission Manor Parks, three Tucson Unified School District schools, and seven Sunnyside District schools in the south Tucson area.

Reclaimed water is non potable and suitable primarily for irrigation use.

About the Water Infrastructure Finance Authority of Arizona

The Water Infrastructure Finance Authority of Arizona (WIFA) is an agency of the state authorized to finance the construction, rehabilitation and/or improvement of drinking water, wastewater, wastewater reclamation, and other water quality facilities/ projects. Generally, WIFA offers borrowers below market interest on loans for 100% of eligible project costs.

(more)

As a "bond bank", WIFA is authorized to issue Water Quality Bonds on behalf of communities for basic water infrastructure. By pooling different entities' financing needs, WIFA provides significant savings through reduced borrowing amounts, lower interest rates, and shared/reduced closing costs.

WIFA's principal tools for providing low interest financial assistance include the Clean Water Revolving Fund (CWRF) for publicly held wastewater treatment projects and the Drinking Water Revolving Fund (DWRF) for both publicly- and privately-held drinking water systems. Both funds are capitalized by contributions from the state and the US Congress. Presently Arizona receives about \$20 million in federal allocations annually for the wastewater and drinking water infrastructure construction improvements.

The formula used by Congress for wastewater allocations is based on 1970's data. If the formula were based on current population and infrastructure needs, the state would receive 4 or 5 times the current allocation of approximately \$9 million.